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LETTER DATED 27 AUGUST 1997 FROM THE CHAIRMAN OF THE SECURITY COUNCIL COMMITTEE ESTABLISHED BY RESOLUTION 661 (1990) CONCERNING THE SITUATION BETWEEN IRAQ AND KUWAIT ADDRESSED TO THE PRESIDENT OF THE SECURITY COUNCIL

I have the honour to transmit herewith the annual report on the work of the Security Council Committee established by resolution 661 (1990) concerning the situation between Iraq and Kuwait. The present report, which was adopted by the Committee on 27 August 1997, is being submitted pursuant to the note by the President of the Security Council of 29 March 1995 (S/1995/234).

(Signed) António MONTEIRO
Chairman
Security Council Committee established by
resolution 661 (1990) concerning the
situation between Iraq and Kuwait

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Annex

Report of the Security Council Committee established by resolution 661 (1990) concerning the situation between Iraq and Kuwait

SUMMARY

During the period between August 1996 and the date of the adoption of the present report, the Committee was confronted with a wide range of complex issues arising from the implementation of the mandatory measures imposed by the Security Council, in particular in relation to the oil-for-food operation under Council resolution 986 (1995). While monitoring the implementation of the sanctions regime in all its aspects, the Committee continued to give high priority to the supply of essential humanitarian necessities for the civilian population of Iraq as provided for in Council resolutions 661 (1990), 687 (1991) and 986 (1995).

The Security Council, in its resolution 986 (1995), has set up a system by which Iraq is allowed to sell oil to finance its imports of humanitarian supplies. With the relevant arrangements becoming effective towards the end of 1996, the scope of the mandate of the Committee was greatly expanded, as it sought to effectively discharge its responsibilities under that resolution. Certain difficulties were encountered during the first phase of this operation and the Committee and its secretariat made efforts to overcome them.

The Committee ensured that all other aspects of its work, particularly the humanitarian projects sponsored by various United Nations agencies, humanitarian flights, issues relating to Iraqi frozen assets and financial claims against Iraq, and repair and salvaging operations of Iraqi vessels, were discharged and conducted in an effective manner. In addition to applications under resolution 986 (1995), the Committee processed in the past year more than 11,000 other communications, most of which concerned the supply of humanitarian goods to Iraq pursuant to paragraph 20 of resolution 687 (1991). The Committee acknowledged receipt of 96 foodstuff notifications and took note of 178 voluntary notifications of sending medicines to Iraq, which together had a combined worth of US$ 1,225 billion. The Committee also approved under its no-objection procedure 5,203 requests to send other categories of commodities to Iraq, with an estimated value of $8.5 billion.

As called for in relevant Security Council resolutions and with a view to further enhancing transparency in its work, during the past year the Committee submitted six reports to the Security Council and issued a number of press releases, and its Chairman continued to conduct briefings for the press and interested Member States on the work of the Committee.

The Committee is grateful for the support and cooperation it has received from all concerned and remains fully committed to implementing the mandate entrusted to it by the Security Council.

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I. INTRODUCTION

1. On 26 August 1996, the Security Council Committee established by resolution 661 (1990) concerning the situation between Iraq and Kuwait submitted to the Council a report on its activities during the past few years (S/1996/700), pursuant to a note by the President of the Security Council of 29 March 1995 (S/1995/234). The present report is the second of its kind which aims at presenting a factual summary of all aspects of the Committee's work during the past year (August 1996-July 1997).

2. With the implementation of resolution 986 (1995) towards the end of 1996, the scope of the mandate of the Committee was greatly expanded and its primary attention was accordingly shifted to discharging its responsibilities under that resolution. At the same time, the Committee ensured that all other aspects of its mandate, including the work related to sending humanitarian supplies to Iraq pursuant to paragraph 20 of resolution 687 (1991), were discharged and conducted in an effective manner.

3. Pursuant to paragraph 21 of resolution 687 (1991), the Security Council has so far conducted 37 reviews of the sanctions regime established in paragraph 20 of that resolution. Eighteen of these reviews were at the same time reviews of the sanctions regime established in paragraphs 22 to 25 of resolution 687 (1991), as referred to in paragraph 28 of that resolution, and in paragraph 6 of resolution 700 (1991). No modification of the sanctions regime resulted from these reviews. In accordance with paragraph 5 of Council resolution 1115 (1997) of 21 June 1997, the reviews were temporarily suspended and would resume in accordance with resolution 687 (1991) after the next consolidated progress report of the Special Commission, due on 11 October 1997.

4. Pursuant to paragraph 6 (f) of the guidelines to facilitate full international implementation of paragraphs 24, 25 and 27 of Security Council resolution 687 (1991) (resolution 700 (1991)), the Committee submitted four reports to the Council during the reporting period (S/1996/676, S/1996/950, S/1997/141 and S/1997/374).

5. Pursuant to paragraph 12 of resolution 986 (1995), the Committee submitted two reports to the Council on the implementation of the arrangements set out in paragraphs 1, 2, 6 and 8 to 10 of that resolution during the initial 180-day period, the first report on 11 March 1997 (S/1996/213, annex) and the second on 30 May 1997 (S/1997/417, annex).

6. The Committee was chaired in 1996 by Mr. Tono Eitel (Germany), with the delegations of Botswana and Poland as Vice-Chairmen. In 1997, Mr. António Monteiro (Portugal) serves as Chairman of the Committee, with the delegations of Guinea-Bissau and Poland as Vice-Chairmen.

II. WORK OF THE COMMITTEE

7. The main activities of the Committee during the reporting period (August 1996-July 1997) related to a wide range of complex issues arising from

the implementation of the mandatory measures imposed by the Security Council. Between 26 August 1996 and the end of July 1997, the Committee met in formal sessions 17 times, bringing the total number of meetings to 159 since its inception in 1990. On many occasions, the Committee held informal meetings at the expert level during the reporting period to discuss various issues concerning its activities, in particular, issues related to the implementation of resolution 986 (1995). In accordance with decisions taken at the Committee's 132nd and 134th meetings, the Chairman continued to give oral briefings after each meeting of the Committee to interested delegations and the press on various aspects of the work of the Committee.

A. Implementation of Security Council resolution 986 (1995)

8. On 14 April 1995, the Security Council adopted resolution 986 (1995) which, as a temporary measure, would allow Iraq to sell oil to finance its imports of humanitarian necessities. On 20 May 1996, a memorandum of understanding was concluded between the Secretariat of the United Nations and the Government of Iraq on the implementation of resolution 986 (1995) (S/1996/356). Pursuant to paragraph 12 of the resolution, the Committee developed and adopted, at its 142nd meeting on 8 August 1996, in close coordination with the Secretary-General, expedited procedures as necessary to implement the arrangements set out in paragraphs 1, 2, 6 and 8 to 10 of that resolution (S/1996/636) (hereinafter referred to as "the Committee procedures").

9. On 25 November 1996, the Secretary-General submitted to the Security Council an interim report on the implementation of resolution 986 (1995) (S/1996/978), in which he reported that he had appointed, following their selection by the Committee on 9 August 1996, four independent experts in international oil trade as "overseers" at United Nations Headquarters to assist the Committee in the performance of its duties concerning oil transactions. He also reported that contractual arrangements had been made with Saybolt Nederland BV to provide 14 independent oil inspection agents in order to ensure the monitoring of oil installations at the Ceyhan terminal, at the metering station on the Kirkuk-Yumurtalik pipeline at the Iraqi-Turkish border, and at the Mina al-Bakr terminal. He also pointed out in the report that contractual arrangements had been made with Lloyd's Register Inspection Limited for the provision of independent inspection agents, who would confirm the arrival in Iraq of humanitarian supplies under resolution 986 (1995) at the port of Umm Qasr, at the Iraqi-Turkish border (Zakho) and at the Iraqi-Jordanian border (Trebil).

Oil export from Iraq

10. During the initial 180 days (10 December 1996-7 June 1997) of the implementation of resolution 986 (1995), the export of petroleum from Iraq has proceeded smoothly with excellent cooperation among the overseers, national oil purchasers, the State Oil Marketing Organization of Iraq and the United Nations independent inspection agents (Saybolt). During that time, the overseers recommended to the Committee a set of updated pricing mechanisms for loadings, submitted by the State Oil Marketing Organization of Iraq each month; each time they were approved by the Committee. One hundred fourteen loadings, totalling

119.5 million barrels, with a value of US$ 2.15 billion, were completed in the initial 180-day period. A representative of Saybolt briefed the Committee at its 156th meeting, on 20 May 1997, on the oil-monitoring activities at the Mina al-Bakr oil terminal and the Zakho metering station, and at the Ceyhan oil terminal in Turkey.

11. At its 144th meeting, on 14 October 1996, the Committee considered a request from Iraq under resolution 986 (1995) (a) to cover the extra cost for the production and transportation of petroleum and petroleum products and (b) for approval to earmark certain funds for spare parts and equipment for the Iraq-Turkey pipeline. The Committee decided (a) to informally seek the advice of the Legal Counsel on whether the first part of the request falls under the mandate of the Committee or the Security Council and (b) to defer the second part of the request to the next meeting.

12. At the 145th meeting, based on the views of the Legal Counsel on the matter that any export of an additional quantity of petroleum and petroleum products by Iraq, over and above the total amount of $1 billion for every 90 days, would require the approval of the Security Council, the Committee decided to inform Iraq that it was not in a position to give a positive response to the request at this stage. However, it was suggested that the Committee should inform Iraq that it had approved a request by Turkey to ship spare parts and equipment to Iraq for the repair of the Kirkuk-Yumurtalik pipeline, which were needed for the initial stage of the implementation of resolution 986 (1995) (see para. 24).

Humanitarian supplies to Iraq under resolution 986 (1995)

13. From the outset of the operation under resolution 986 (1995), the Committee has attached high priority to the work of processing applications for supplying humanitarian goods to Iraq. Concerned at the slow pace of contract approval, which has been caused by a number of factors, the Committee has worked to expedite the processing of humanitarian applications. During the initial 180-day period of the oil-for-food operation, which expired early June 1997, the Committee encountered and, subsequently resolved, a number of practical difficulties in the processing of contracts for humanitarian supplies to Iraq. Lessons thus learned and experience gained in this regard will make it possible for a smoother and more effective operation in the second phase of the implementation of resolution 986 (1995).

14. In preparation for the implementation of resolution 986 (1995), the Committee introduced a new application form in August 1996 for notification or request to ship goods to Iraq, which was circulated to all States, together with guidelines and a sample on how to complete those applications. In view of the fact that many application forms were submitted incomplete, which in turn negatively affected the speed of their processing since the coming into force of the oil-for-food arrangements in December 1996, the Committee secretariat organized on 21 March 1997, at the request of the Committee, an orientation meeting for all Member States and international organizations in order to facilitate the submission of complete applications to send humanitarian supplies to Iraq under resolution 986 (1995). In addition, on 15 May 1997, a second note verbale was sent by the secretariat to all States with revised guidelines and a new sample of a properly completed application form.

15. With a view to facilitating the implementation of the Committee procedures in the light of certain practical necessities, the Committee adopted a series of points of understanding in order to facilitate the expeditious processing of applications for humanitarian supplies to Iraq under resolution 986 (1995).

16. The first set of points of understanding were adopted on 5 March 1997 with a view to freeing funds allocated to applications that were placed on hold or blocked so that those funds may be used for further applications which follow in sequence. The second set of points of understanding were adopted on 1 April 1997, allowing the Committee to process applications based on anticipated revenues as determined by the issuing of an irrevocable letter of credit for oil shipments and confirmation of lifting of oil cargoes. This was on the understanding that the issuing of letters of credit for contracts for humanitarian goods would continue to be based on the availability of funds in the Iraq account.

17. At its 155th meeting, on 14 May 1997, the Committee adopted the third set of points of understanding: the secretariat will circulate for the consideration of the Committee all contracts that meet the requirements of the Committee procedures; incomplete applications will not be circulated until clarification is obtained by the secretariat from the applicant State and the Permanent Mission of Iraq; the secretariat will process all incoming applications, if possible, within two business days; and if a contract is put on hold, the delegations concerned should indicate to the secretariat the specific reasons so that the matter can be resolved as quickly as possible. The Committee was also of the view that the secretariat should obtain additional resources to support processing as necessary. The new measures have contributed to the more expeditious processing of applications.

18. Regarding Iraq's request seeking the Committee's approval to process, on a priority basis, certain applications for goods submitted under resolution 986 (1995), the Committee agreed, at its 150th meeting, on 21 February 1997, that the secretariat should seek the views of the Department of Humanitarian Affairs on the matter before the Committee could approve the request. At its 152nd meeting, on 24 March 1997, the Committee agreed in principle that the Department and the World Health Organization would assist the Committee in identifying a priority list of foodstuffs and medicines under resolution 986 (1995). Such a priority list was approved by the Committee on 11 April 1997. Applications thus identified have been duly dealt with by the Committee on a priority basis.

19. At the end of the first 180 days of implementation of resolution 986 (1995), the total value of oil exported from Iraq has reached the target of US$ 2 billion and the processing of humanitarian supplies to Iraq has been progressing steadily. At the time of the adoption of the present report, the secretariat has received a total of 840 applications under resolution 986 (1995), 40 of which have been subsequently cancelled and 776 circulated to Committee members for action. Of the 776 circulated, 662 have been approved, totalling approximately $1,139 million, 88 placed on hold, 20 blocked and the remaining 6 still pending since the time limit within which the Committee is expected to decide has not elapsed.

Figure 1. Number of applications according to status, as at 27 August 1997

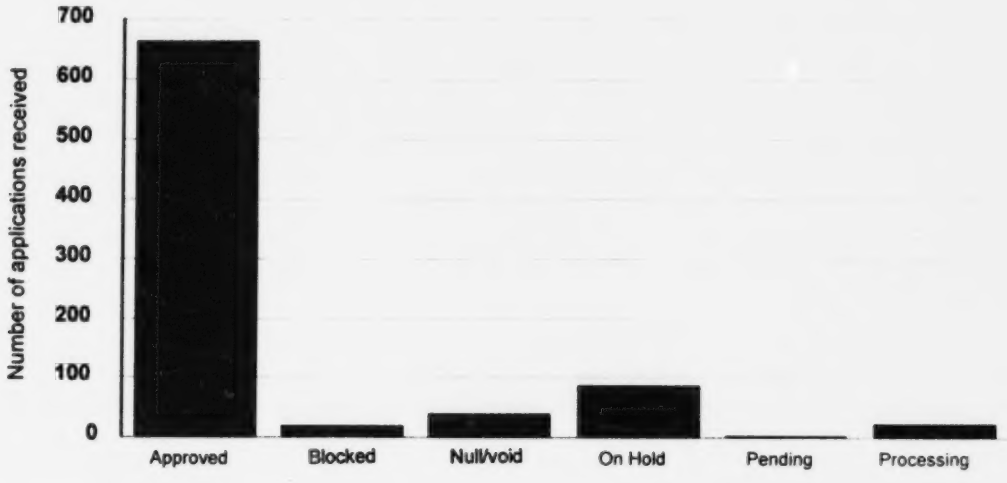


Figure 2. Number of approved applications by category, as at 27 August 1997

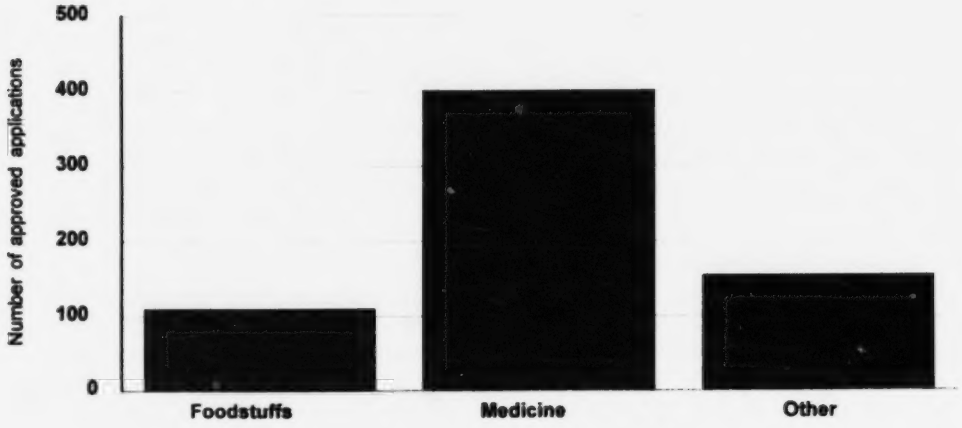
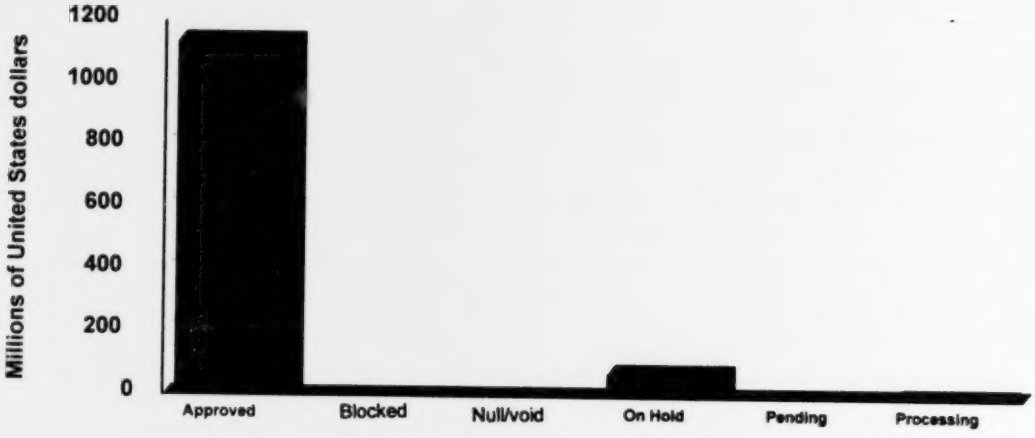


Figure 3. Value of applications by status, as at 27 August 1997



20. The arrival of humanitarian goods has been monitored by the United Nations independent inspection agents (Lloyd's Register) at the Iraqi port of Umm Qasr, Trebil at the Iraqi-Jordanian border and Zakho at the Iraqi-Turkish border. A representative of Lloyd's Register conducted a briefing at the Committee's 156th meeting, on 20 May 1997, to provide an overview of the activities of the independent inspection agents related to the authentication of the arrival in Iraq of humanitarian supplies under resolution 986 (1995). To date, 93 of such approved consignments of humanitarian supplies have been confirmed as having arrived in Iraq in total and another 91 consignments have arrived in partial shipments.

Renewal of oil-for-food arrangements by resolution 1111 (1997)

21. On 4 June 1997, the Security Council adopted resolution 1111 (1997) by which the Council decided to extend the relevant provisions of resolution 986 (1995) for another period of 180 days beginning at 00.01 hours, Eastern Daylight Time, on 8 June 1997.

22. Following the adoption of that resolution, the Government of Iraq submitted a request on 14 June for the addition of a new entry point at the Iraqi-Syrian border for the import of goods under resolution 986 (1995). Pursuant to paragraph 26 of the memorandum of understanding and upon the recommendation of a United Nations technical mission to Iraq, the Secretary-General approved on 31 July 1997 the designation of Al-Walid at the Iraqi-Syrian border (facing Al-Tenf, Syrian Arab Republic) as a new entry point for the supply of humanitarian goods to Iraq under resolution 986 (1995).

Matters related to Kirkuk-Yumurtalik pipeline

23. As mentioned in the Committee's 90-day report (S/1996/213), pursuant to paragraph 2 of resolution 986 (1995), Turkey had requested, in a letter dated 14 January 1997, the Committee's approval of the transfer of US$ 46,286,616.44, representing the oil transportation fee due to Turkey during the first 90 days of Iraq's oil exportation under that resolution, as agreed upon between the two countries. As suggested by the Committee, Turkey submitted, on 27 March 1997, an amendment to the contract between the State Oil Marketing Organization and the Turkish Petroleum Refineries Corporation (Tupras). In view of the above, on 16 April 1997 the Committee approved the transfer of the pipeline fees as requested, on the understanding that the actual transfer would take place only after proceeds from the sales of oil to cover the above fees had been deposited in the Iraq account, and the deductions for the Compensation Fund would have been made. To date, two such transfers of the pipeline fee for the first and second 90-day periods have been effected, with Turkey as the beneficiary.

24. The Committee received from Turkey, pursuant to paragraph 9 of resolution 986 (1995), two requests to supply parts and equipment for the repair and maintenance of the Kirkuk-Yumurtalik pipeline system in Iraq. The first was related to immediate repair work to the pipeline and the second to the medium- and long-term safety of the pipeline. Following the Committee's approval, in principle, of the first request, Turkey submitted on 2 April 1997 a detailed export contract on the matter, as suggested by the Committee. The contract was approved by the Committee on 15 July 1997. The second request was, however, deferred to allow the Committee more time to assess the situation of the actual needs for further supplies after the initial repair work has been completed.

B. Humanitarian exemptions under resolution 661 (1990)

25. During the one-year period from 1 August 1996 to 31 July 1997, the Committee received and processed 11,328 official communications, 11,135 of which were related to humanitarian supplies to Iraq as provided for in paragraph 20 of resolution 687 (1991). The Committee acknowledged receipt of all 96 foodstuff notifications and took note of 178 voluntary notifications for medical supplies to Iraq, which had a combined value of $1,225 billion. Under its no-objection procedure, the Committee processed all remaining 10,861 applications concerning the supply of other categories of goods to Iraq. Some 5,203 of these requests, with an estimated value of $8.5 billion, were approved, 424 were placed on hold for further information and/or clarification and 5,234 applications were blocked.

Figure 4. Number of applications processed according to category

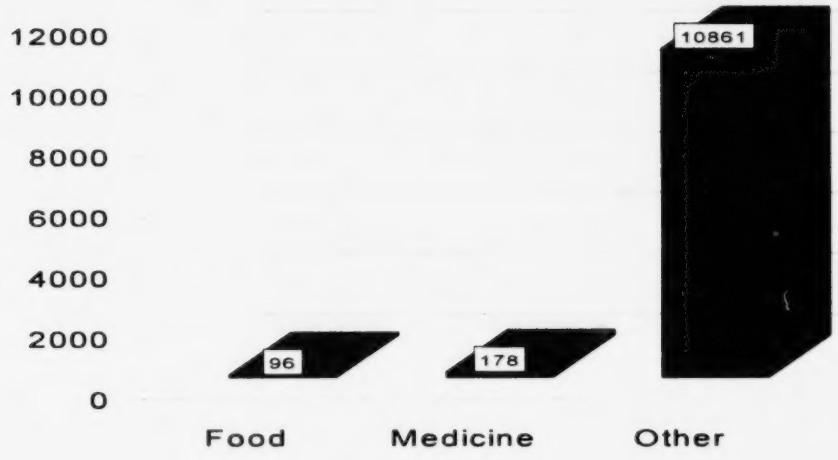
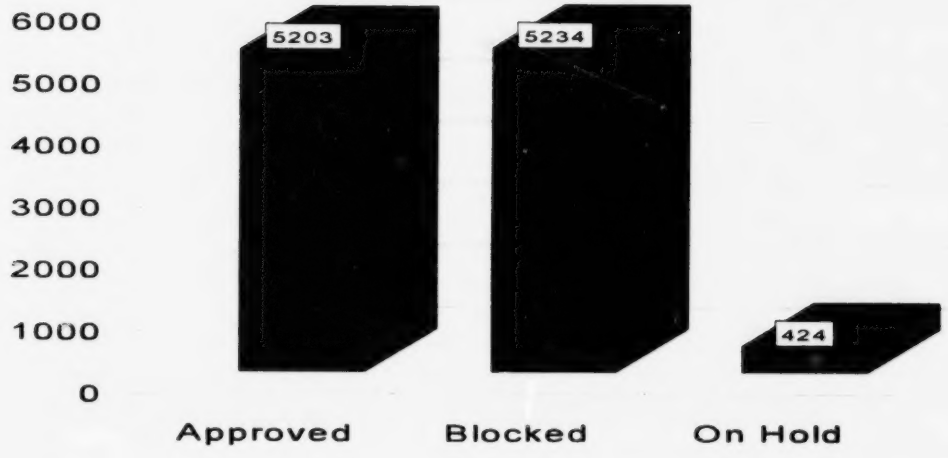


Figure 5. Status of applications processed under the no-objection procedure



26. At its 144th meeting, on 14 October 1996, the Committee considered a question raised by Switzerland as to whether any repair work to electric power stations in Iraq could be authorized and incorporated under the oil-for-food formula. The Committee decided to send a letter to Switzerland, explaining the legal background of the issue and suggesting that the Swiss authorities, in consultation with Iraq, might submit specific requests in this regard for the consideration of the Committee.

Requests from humanitarian agencies

27. On 14 October 1996, the Committee approved the United Nations Development Programme (UNDP) project entitled "Rehabilitation of primary health care services in the Governorates of Baghdad and Qadissia" on condition that UNDP would report to the Committee every six months on the progress of the project. However, the Committee could not accede to two other UNDP requests, one concerning a project entitled "Provision of consultancies and training to essential humanitarian sectors", and the other a project entitled "Rehabilitation of seed multiplication system through the strengthening of seed quality control in Iraq".

28. At the 148th meeting, on 23 January 1997, the Committee was unable to approve a request from the World Food Programme (WFP) for a general sanctions waiver for all the equipment that has to be purchased by WFP for its operation under resolution 986 (1995). At the same time, it was agreed to convey to WFP that the Committee was prepared to consider its application favourably on a case-by-case basis.

29. Regarding a letter from WHO drawing the Committee's attention to the malaria control situation in Iraq, the Committee, at its 150th meeting, on 21 February 1997, agreed to take note of the general information provided by WHO in its communication and to give priority treatment to any specific requests relating to malaria control once they were submitted to the Committee.

Petroleum imports from Iraq

30. At its 142nd meeting, on 8 August 1996, the Committee considered a request from Turkey to resume the import of petroleum and petroleum products from Iraq for domestic purposes given the serious economic difficulties it has suffered as a result of the sanctions against Iraq. The matter was deferred and revisited a number of times on the grounds that the full effect of the implementation of resolution 986 (1995) needed to be evaluated in due course. At its 157th meeting, on 11 June 1997, the Committee decided that the matter would be considered in a more substantial way with the renewal of resolution 986 (1995). The matter is still pending before the Committee.

31. At its 146th meeting, on 18 December 1996, the Committee also requested its Chairman to contact the Permanent Representative of Jordan to the United Nations with a view to ascertaining the situation of Jordan's import of Iraqi petroleum during the past few years. At the 150th meeting, on 21 February 1997, the Chairman reported to the Committee that he had been informed by the Permanent Representative that Jordan would soon resume reporting to the Committee on its oil imports from Iraq. Subsequently, Jordan submitted a report on its petroleum

imports from Iraq covering the past three years, which was taken note of by the Committee at its 151st meeting, on 17 March 1997.

Humanitarian flights

32. The Committee could not approve a request dated 24 September 1996 from Jordan for the Committee's authorization of one or more regular weekly flights between Amman and Baghdad by Royal Jordanian Airlines in order to carry United Nations personnel and for humanitarian reasons, that is, to transport the sick and elderly to and from Baghdad, to provide means of transportation for pilgrims in their pilgrimage to Moslem shrines in Iraq, and to transport medical, pharmaceutical and food supplies from Jordan. However, the Committee expressed its readiness to consider specific requests for humanitarian flights to Iraq on a case-by-case basis. The same request was reintroduced by Jordan in March 1997, to which the Committee responded by reiterating its previous position.

33. At its 150th meeting, on 21 February 1997, the Committee considered a request from WHO for an overall arrangement for medical evacuation flights for Iraqi nationals, based on the formula agreed upon by the Libyan sanctions committee with regard to medical evacuation flights for Libyan nationals. The Committee has received further clarifications from WHO. The matter is still under the Committee's consideration.

34. At the request of the Security Council, the Committee met on 10 April 1997 to discuss whether the Iraqi flight of 9 April 1997 carrying pilgrims from Baghdad to Jeddah, Saudi Arabia, was in violation of Security Council resolutions 661 (1990) and 670 (1990). The Legal Counsel of the United Nations was also invited to present comments on the issue from a legal point of view. However, since Committee members were unable to reach consensus in their understanding of the incident, the Chairman was authorized to convey to the Security Council the views expressed by members at the meeting.

Aerial pesticide campaign

35. In February 1997, the Committee received a request from the Food and Agriculture Organization of the United Nations (FAO) for authorization for an aerial pest control operation in the agricultural areas of the no-fly zones in Iraq similar to that approved by the Committee in 1996. After consideration of the matter at two meetings, the Committee approved the request provided that the operation would be carried out in accordance with established procedures, in particular: (a) the aircraft undertaking such operations should be piloted by non-Iraqi pilots under the supervision of FAO; (b) FAO should provide the Committee with 72 hours' advance notice prior to the time of commencement of such operations; (c) all necessary safety measures should be taken to ensure that the operations proceed smoothly; and (d) equipment brought into Iraq for the operations should remain under the control of FAO during the operations and be removed from Iraq once the operation is completed. The Committee also advised FAO that specific applications should be submitted to the Committee if the supply of specific inputs was to be funded through Security Council resolution 986 (1995). In May 1997, the Committee took note of additional

information submitted by FAO on the above-mentioned arrangements of the operation.

C. Iraqi frozen assets and financial claims against Iraq

36. With the adoption of resolution 778 (1992), no further Iraqi frozen assets had been released by the Committee for purposes set forth in paragraph 20 of resolution 687 (1991) until the Committee approved in July 1997 a UNDP request relating to the use of Iraq's frozen assets held by the Bank of International Settlement. In April 1997, UNDP submitted a request to the Committee for authorization to use some of Iraq's frozen assets held by the Bank for a project to rehabilitate water supply facilities in the Basrah Governorate. In the light of the needs of the situation, the Committee, at its 154th meeting, on 24 April 1997, was favourably disposed to the project and approved it in principle provided that UNDP would supply further information on the procedures to be followed in transferring the funds to UNDP, in disbursing them for procurement of items for the project and in accounting for expenditures. The Committee also requested UNDP to contact the United Nations Security Council Committee and the Committee secretariat in order to abide by the provisions of resolution 1051 (1996) concerning the export to Iraq of any chemical agent necessary for water purification that might be included in the relevant list attached to resolution 1051 (1996). Upon receipt of a satisfactory response from UNDP in July 1997, the Committee, at its 159th meeting, on 17 July 1997, gave the final green light to the project.

37. As in previous years, on 3 February 1997, Iraq submitted a request for the release of US$ 50 million from its frozen assets in Saudi Arabia, Bahrain and the United Arab Emirates for pilgrimage purposes. The Committee considered the matter at its 150th meeting, on 21 February 1997, and decided that a letter should be sent to Iraq along the format established in previous years, linking approval of the request to the readiness of the three Governments to release frozen assets. The Committee also transmitted the Iraqi letter and the Committee's response to it to the three Governments mentioned above.

38. With the imposition of sanctions against Iraq in 1990, the Committee received a number of communications from Member States over the past year, either seeking the Committee's views on what is to be done with regard to monetary claims against Iraq or requesting the Committee's authorization for compensation or settlement, through the importation of goods originating from Iraq, of outstanding commercial debts incurred by Iraq before the Gulf war in 1991.

39. After careful consideration of such communications, the Committee announced that it was unable to accede to the suggested way of settlement on grounds that such transactions were clearly inconsistent with provisions in relevant Security Council resolutions, in particular, paragraph 3 (a) of resolution 661 (1990). In a press release issued on 19 June 1997, the Committee stated that while the sanctions regime did not exonerate Iraq from its debts and obligations incurred prior to the Gulf crisis, issues relating to Iraq's debt should be settled in a way consistent with relevant Council resolutions; claims for compensation might

be referred to the United Nations Compensation Commission in accordance with paragraphs 16 to 19 of Council resolution 687 (1991).

D. Matters relating to Iraqi vessels

40. At its 145th meeting, on 3 December 1996, the Committee took note of a communication from Turkey regarding the proposed salvage of two Iraqi oil tankers detained in Noudahibou port in Mauritania and two Iraqi ships detained in Misurata port in the Libyan Arab Jamahiriya, which were considered as constituting an environmental hazard. As promised in that communication, Turkey submitted a request for authorization to carry out the salvaging operation of the above-mentioned ships, with a copy of the survey report of the International Maritime Organization (IMO), the consideration of which was deferred by the Committee at its 155th meeting on 14 May 1997. At its 157th meeting, on 11 June 1997, the Committee decided to defer the matter again since more time was needed to consult with Turkey on certain technical aspects of the operation. The Committee is still considering this item.

41. In connection with a request from the United Arab Emirates for approval of a project to salvage sunken ships and war debris from Gulf waters, the Committee, at its 146th meeting, on 18 December 1996, noted that it had previously approved several requests concerning the same salvage project, subject to the Committee's being informed of agreement among the parties concerned, supervision by IMO and appropriate financing arrangements consistent with the sanctions regime. The Committee decided to inform the United Arab Emirates that it was prepared to consider the matter favourably if the United Arab Emirates furnished the above-mentioned information.

42. At the same meeting, the Chairman informed the Committee that the President of the Security Council had transmitted to him a letter from Kuwait drawing the Council's attention to the dangerous state of shipping in the Gulf owing to sunken ships and war debris. The Committee decided that the Chairman would orally inform the President of the Council on the Committee's response, indicating that the Committee viewed the matter with great concern, that it had already approved several requests for salvage projects and stood ready to give sympathetic consideration to any new requests, that the scope of its response was limited by the Committee's terms of reference, and that it suggested that IMO be requested to look into the matter.

E. Reported violations

43. By a communication dated 17 June 1996, based on information provided by the multinational interception force, the United States of America drew the Committee's attention to the alleged Iranian complicity in the smuggling of Iraqi petroleum products through Iranian territorial waters in violation of the sanctions regime established by resolution 661 (1990). At the 139th meeting of the Committee, on 9 July 1996, members supported the suggestion of the Chairman that the Committee should seek from the United States more factual information, including the final destination and the nationality of the vessels involved, before contacting the Permanent Representative of the Islamic Republic of Iran.

44. At the 143rd meeting, on 28 August 1996, the United States delegation briefed the Committee on the matter. It was decided that the Chairman should approach the Permanent Representative of the Islamic Republic of Iran, while members would study the additional information presented by the United States. Subsequently, at the 145th meeting, on 3 December 1996, the Chairman distributed a position paper from the Iranian Permanent Representative, which stated, among other things, that the Islamic Republic of Iran was committed to the implementation of the relevant Security Council resolutions on Iraq, that some vessels carrying illegal goods and oil to and from Iraq had been using the Iranian flag and territorial waters without authorization; that some vessels with forged documents and manifests had been detained by Iranian authorities and that the results of the investigations would be conveyed to the Committee once they were available.

45. In responding to the Iranian communication, the Committee declared it would welcome any information concerning action taken by the Iranian authorities with regard to ships detained for illegal activities of sanctions violations. The Committee also drew the attention of the Islamic Republic of Iran to the course of action suggested by the Committee as a general guidance in dealing with such violations. No further development has since taken place on the issue.

46. At the 150th meeting, on 21 February 1997, the Chairman reported to the Committee that he had met with the Permanent Representative of the Islamic Republic of Iran and conveyed the Committee's concern regarding the alleged violations taking place in Iranian waters. The Permanent Representative had assured the Chairman that his Government strictly abided by the relevant Security Council resolutions.

47. The Committee, at its 145th meeting, on 3 December 1996, took note of a communication from Jordan that the Jordanian company ALBA had been searched and investigated on the basis of information received by the United Nations that the company was one of a number of companies that dealt with missile components, and that the investigation revealed no connection between the company and Iraqi missiles or weapons of mass destruction. This communication was duly recorded in the Committee's report (S/1996/950) concerning arms-related sanctions.

III. MONITORING AND ENFORCEMENT

48. To enable the Committee to obtain a better understanding of the scope of activities conducted by the multinational interception force, Vice-Admiral Thomas B. Fargo, the force's Coordinator, addressed the Committee on 3 February 1997 and provided detailed information on its activities. This was the second presentation to the Committee by the force. Earlier in February 1996, the Committee had been briefed by Vice-Admiral John Scott Redd on the force's operations in the Persian Gulf under national command pursuant to Security Council resolution 665 (1990).

49. In his remarks, Vice-Admiral Fargo noted that the force's operations were designed to prevent prohibited items from entering and leaving Iraq. He emphasized that the force offered no hindrance to the delivery of humanitarian supplies. He further stressed the cooperation extended to this joint operation

by neighbouring countries of the Gulf Cooperation Council. He provided information on the operations of the force's activities, which he described as being very effective. Vessels from 15 countries, serving on rotation, had participated in the operation. By the time of the briefing, the force had conducted more than 23,000 queries, resulting in more than 10,000 boardings and more than 600 diversions of ships. In 1996 alone, 440 boardings were conducted, which resulted in 61 diversions.

50. With regard to the implementation of Security Council resolution 986 (1995), the Vice-Admiral stated that, while the monitoring of the outflow of oil has been running smoothly, the challenge for the force would be the inflow of approved shipments of humanitarian goods to the port of Umm Qasr. Following necessary consultations, a modus operandi has been agreed upon between the secretariat of the Committee and the multinational interception force for necessary coordination and liaison in the context of the implementation of that resolution.

IV. OBSERVATIONS AND RECOMMENDATIONS

51. In discharging its mandate under the relevant Security Council resolutions, the Committee relies on the support and cooperation of Member States and international organizations. In connection with the implementation of the various tasks entrusted to it by resolution 986 (1995), the Committee and its secretariat have established a good working relationship with Iraqi authorities. The Committee attaches particular importance to close cooperation and interaction with Member States and would welcome a more frequent exchange of information with them on all aspects of the sanctions regime established by resolution 661 (1990).

52. The new distribution plan recently approved by the Secretary-General will help the Committee to address the updated humanitarian needs of the Iraqi people. In this context, the Committee welcomes the computerization of the categorized list of goods annexed to the distribution plan, which should facilitate the submission and processing of humanitarian contracts under resolution 986 (1995).